



News Release

Attorney General Robert E. Cooper, Jr.

FOR IMMEDIATE RELEASE
Jan. 22, 2009
#09-06

CONTACT: Sharon Curtis-Flair
(615) 741-5860

ATTORNEY GENERAL ENTERS AGREEMENT WITH MORTGAGE GIANT COUNTRYWIDE TO PROVIDE LOAN MODIFICATIONS, \$4 MILLION IN OTHER RELIEF TO TENNESSEANS

Tennessee Attorney General Bob Cooper today announced a settlement with Countrywide, the nation's largest mortgage lender and servicer, to resolve complaints of predatory lending. The Agreed Final Judgment, which Attorney General Cooper filed in court today on behalf of the Tennessee Division of Consumer Affairs, will provide for loan modification eligibility for an estimated 6,900 Tennessee borrowers and an estimated \$4 million in other economic relief to troubled Tennessee borrowers.

"We are pleased that this agreement can bring relief to eligible Countrywide borrowers who are on the brink of losing their homes or to some who have already lost their homes," said Attorney General Cooper. "We also hope this case will be a warning to those unscrupulous lenders who would mislead consumers into committing to loans they ultimately could not afford."

Countrywide is currently in the process of identifying and notifying eligible consumers about loan modifications. Countywide consumers can also call Countrywide toll-free at (800) 669-6607 to find out now if they are potentially eligible for a loan modification or other programs.

Several attorneys general negotiated with Bank of America, which acquired Countrywide in July 2008, to reach similar settlements in each state. Specifically, Countrywide allegedly deceived borrowers by misrepresenting loan terms, loan payments increases and the borrower's ability to afford loans.

The settlement will allow some eligible borrowers to avoid foreclosure by obtaining a modified and affordable loan. The loans covered by the settlement are among the riskiest and highest defaulting loans suffered in the foreclosure crisis.

"We are pleased that Countrywide has agreed to help so many Tennessee consumers who have been suffering in this economic crisis," added Mary Clement, director of the Division of Consumer Affairs.

As part of the settlement, Countrywide agreed to implement a number of relief programs and to drastically modify its future lending practices. Specifically, Countrywide agreed to:

- *Suspend foreclosures on the riskiest loans to determine if borrowers qualify for modification. An estimated 6,900 Tennessee borrowers may be eligible for loan modifications.

- *Refrain from or curtail the offering of certain subprime loans and engage in more practices to help this nationwide foreclosure crisis.

*Help homeowners through an estimated \$1,049,555 in a relocation assistance program, which will provide payments to homeowners who cannot qualify for a loan modification in exchange for voluntarily surrendering their home at the time of a foreclosure sale.

*Establish a foreclosure relief fund worth an estimated \$2,427,512 for payments to certain eligible Tennessee borrowers who have already lost their homes to foreclosure

*Waive prepayment penalties of up to \$194,989 and up to \$642,288 in default/delinquency fees for Tennessee homeowners.

The Attorney General encourages those who think they may be eligible to contact Countrywide directly at (800) 669-6607 or, if they need assistance in evaluating their situation, a network of free certified foreclosure counselors is available to help consumers who are facing foreclosure in Tennessee by calling 2-1-1 or going online to <http://www.thda.org/foreclosure/counselors.pdf>.

Consumers who wish to file complaints against Countrywide or regarding any other consumer issue can contact the Division of Consumer Affairs by going online at <http://www.state.tn.us/consumer> or calling (615) 741-4737 or toll-free in Tennessee at 1-800-342-8385.

The State's lawsuit, settlement and a list of frequently asked questions may be viewed by going online to <http://www.tennessee.gov/attorneygeneral/cases/countrywide/countrywide.html>.